



COMMISSION ON HOUSING AND WELLBEING

CONSULTATION 2014

This consultation is part of the Commission on Housing and Wellbeing's review of how housing policy can and should be used to enhance the general wellbeing of Scotland's people.

Introduction

Who are we?

Our Commission on Housing and Wellbeing was launched in the autumn of 2013 under the chairmanship of Robert Black, the former Auditor General for Scotland. Although funded and hosted by Shelter Scotland, we are an independent body with a wide-ranging membership in terms of experience and expertise (see Annex A). We are supported in our work by a small project team and a research consultant.

Our purpose

We have been asked to report by the spring of 2015 on:

- *our assessment of the importance of housing for general wellbeing in Scotland at the present time; and*
- *our recommendations for future priorities and policies to help improve housing conditions and generate enhanced wellbeing.*

Our approach

Our Commissioners have met on six occasions to date and have considered a wide range of papers and evidence constructed by the project team and research consultant. All of these materials are available to download from our [website](#).

Our aim is to provide a report intended for the Scottish Government and all bodies in Scotland involved in housing policy and provision. We recognise that after the current constitutional debate, the Scottish Government may be given wider responsibilities both in housing and in social and economic policy. We have, therefore, taken a broad view of the policy areas that are relevant to our work.

Although we have noted the current, topical debates on housing, we are particularly interested in those problems that will require to be addressed in the medium to long term. We intend to take wide view of the influences on housing policy and its impact.

Our position

Most households in Scotland have adequate housing. Housing and housing conditions improved enormously in the previous century, but progress has faltered and there are many problems in the sector.

There is a clear shortage of housing in Scotland and levels of new building are currently well below the anticipated increase in household numbers. Despite recent improvements, there are still far too many homeless persons and the number of

households facing acute overcrowding, though small as a percentage of the total, has flat-lined in recent years.

Most Scottish households now own their own homes. The expansion of owner occupation has been underpinned by growing prosperity and also by the right to buy policy which was introduced in the 1980s. However, because house prices have increased over many decades well in excess of general prices, the prospect of home ownership for all is receding. Many young families on moderate incomes are being obliged to rent – the “generation rent” – and there is a stark contrast between longstanding owners and those trying to break into the market. The right to buy policy has been popular for those who could both afford to buy their socially rented houses and who lived in homes and locations which were seen as attractive. But it has also had the effect of greatly reducing the choices of those who have been left behind or cannot compete in the race to become homeowners.

A very different set of problems is raised by the rapidly growing proportion of older households in Scottish society, particularly those containing persons of 75 and older. Virtually all would prefer to live independently in the community but this will require considerable support with health, social care and housing.

There are also serious environmental challenges for housing. There is a need to reduce energy use in homes to help reduce greenhouse gas emissions but at the same time we must ensure that households can live comfortably in their homes with affordable heating in the Scottish climate.

It is possible to divide Scottish households into the “housing haves” and the “housing have nots”. The “housing haves” are those who benefitted from the rise in house prices including those who have taken the opportunity provided by the right to buy policy to acquire a good quality, former social rented house at a considerably discounted price. The “housing have nots” are generally to be found amongst those who, for one reason or another, continue to find themselves dependent on the rented sector for their housing, particularly those who are dependent on housing benefit to pay the rent. In too many cases, their choices are limited to the poorer property in the private rented sector or the least popular and most socially deprived areas in the social rented sector.

What are we asking for?

We are requesting views at this stage in our work from anyone with relevant knowledge, expertise or experience and welcome input from organisations and individuals alike.

Our consultation questions are set out at the beginning of each section below. Each section also sets out the background to our thinking on each of the various issues we have identified and our initial thoughts on possible ways forward.

If possible, please base your response on answers to these questions. Some questions may be somewhat irrelevant to your interests, in which case please feel free to answer as many or as few as you like. And please feel free to offer other comments if you think they are relevant to our remit.

How to respond

Please send your contribution in writing to consultation@housingandwellbeing.org by 28th November 2014. You can also submit your evidence online at www.housingandwellbeing.org/.

If you have an enquiry concerning the consultation paper or any of our work in general, you can contact the Commission's Project Team using the same address detailed above. Please feel free to contact us to arrange a discussion before the end of the consultation period if that would be more convenient. We also plan to arrange some workshops during the consultation period and we will be in touch separately about these.

What will happen next?

All contributions will be considered by the Commission before we produce our final report in spring 2015. We aim to publish a summary of the responses we receive and all responses will be made public unless you specifically request otherwise.

Section 1: Our assessment of the importance of housing for wellbeing in Scotland

Consultative Questions

Q.1. Has our assessment of housing and wellbeing missed any important benefits and, if so, which benefits and what is the evidence for this?

Q.2. Has our assessment exaggerated any of the benefits of housing for wellbeing and, if so, in what respects and what are your reasons for saying this?

1.1. How did we undertake this assessment?

For this part of our work, we have examined current research evidence on the wider impacts of housing. But we have also drawn on our own experience and views and so, inevitably, some of the Commission's findings will be subjective and require testing against the views of consultees.

1.2. Why wellbeing?

We wanted to consider both the direct benefits that good housing provides and the indirect, wider potential benefits that can often go unnoticed. We decided that "wellbeing" was the right focus for our work because it provides the scope for a more wide-ranging assessment based on all the potential benefits that are important to individuals and, in some cases, communities.

1.3. What types of wellbeing have we considered?

We have drawn on the work undertaken by the Carnegie Trust which considered both Scottish attempts to assess wellbeing for public policy purposes and other exercises in France, Canada and the USA. Carnegie's findings suggested a classification of types of wellbeing that might be used for assessing and evaluating policy.¹ From these we selected 8 types of wellbeing that appeared potentially relevant to assessing the benefits of good housing and these are set out in the table below.

1.4. What constitutes good quality housing?

In practice, the benefits that housing provides vary considerably. For this part of our work, we wanted to try to assess the benefits that might be provided by good housing which offers:

- adequate space of a suitable design
- satisfactory heating and thermal insulation;
- a good state of repair; and
- affordability.

1.5. What are our initial conclusions?

Our initial conclusions on the value of good housing to each of the eight wellbeing domains are set out below.

Relevance of good housing to the eight wellbeing domains

Housing as “home”

Good housing provides shelter, security, space for family life and activities, privacy, personal identity and development.

Neighbourhood Quality

Good housing contributes to a positive external appearance of the neighbourhood; be well located i.e. accessible to employment, shops, schools and other local facilities; contribute to a good reputation; provide opportunities for control by residents over their neighbourhood; and opportunities for developing strong social relationships with neighbours.

Health

Housing which is secure, substantially free of condensation and dampness, adequately heated, provides adequate space and which supports independent living is likely to have positive health impacts.

Education

Housing which is secure and provides adequate space is more likely to contribute to positive educational outcomes.

Employment

Investment in housing generates substantial employment both in the construction sector and in associated service jobs, for example, housing management and estate agency. Housing is also essential to allow for employees to move to areas where suitable jobs exist

Income

Housing which is “affordable” i.e. does not cost an excessive proportion of household income, reduces the risk of poverty and financial hardship.

Environmental sustainability

Housing with a high standard of insulation, efficient heating systems and well located close to centres of employment etc. will result in lower greenhouse gas emissions.

Community safety

Good housing design and proactive management in partnership with the police and fire officers can help to reduce crime, anti-social behaviour and dangerous fires.

Section 2: Does Scotland invest enough in housing?

Consultative Questions

Q.3. Do you agree with our assessment of the current position on investment in housing?

Q.4. Do you agree with our brief assessment of current policy on investment in housing?

Q.5. Do you agree with our suggestions for further action in the area of investment in housing?

Q.6. Do you have any other suggestions that we have not mentioned in relation to investment in housing?

2.1. Why do we think this is important?

If as a nation, we invest too little in housing then this will result in shortages, rising house prices, homelessness, poor quality housing and overcrowding. If we spend too much of our national income on housing, then this can divert limited resources from other, important needs including investment in strengthening the economy.

In our view, there is evidence of both too little investment in some areas and overconsumption in others. This helps to explain the difference between the housing “haves” and “have nots” that were previously mentioned.

2.2. What is the evidence for too little investment?

The number of households in Scotland could grow by, on average, 21,000 per annum over the next 25 years.ⁱⁱ Added to this is a need to replace demolished or closed houses – a figure that currently stands at around 4,000 units a year.ⁱⁱⁱ

We have also seen investment in new housing stock lurch along since the start of the recession in 2008. The number of new houses built in Scotland has fallen by 47% in a five year period from 27,600 in 2007/08 to 14,600 in 2012/13.^{iv}

Another indicator is the large number of households on local authority (LA) housing lists. At 31 March 2013, there were 155,000 people on LA waiting lists in Scotland.^v

We understand that, since the 2008 global economic crisis, it has been difficult for many housing associations to borrow at affordable interest rates to fund new house building. At the same time, the Scottish Government has been seeking to reduce grant rates and this has also put additional pressure on social landlords. Circumstances vary from one housing association to another and some may have built up reserves to fill the funding gap. But as a generalisation, the financial situation makes it much more likely that the larger housing associations can attract affordable loan finance.

In the private rented sector, with the exception of student housing projects in the larger cities, there has been little investment in new housing developments. For this sector to make a fuller contribution, it has been recognised, for some time, that there is a need for investment in the sector by so called “institutional investors”.

Although the evidence for investment in improvement, repair and maintenance is less clear-cut, over half of Scotland’s housing fell below the Scottish Housing Quality Standard (the SHQS) specified by the Scottish Government. There is a particular problem in many homes which have poor levels of thermal efficiency and this is discussed further in *section 5*. In the social rented sector, landlords are taking steps to bring their stock up to the SHQS, but in the private sector investment in repair, maintenance and improvement tends to be more ad hoc. For many house purchasers, the priority is finding the resources to buy the house and any subsequent works may be a lower priority on household budgets. For owner occupiers, in particular, there is a perception that if money is available, kitchen and bathroom improvements tend to take priority over basic repairs.

2.3. What is the evidence for overconsumption?

“Overconsumption” largely results from the fact that house prices have been increasing more rapidly than general inflation for many decades and that the bulk of house purchases are of second hand homes. This is discussed further in *section 3*.

2.4. Current government policies

The Scottish Government has an annual target of 6,000 additional “affordable” houses per annum of which at least 4,000 are intended to be social rented houses.^{vi} These targets appear to be driven by what was thought to be affordable by the Government rather than any assessment of housing need

and demand. There is no overall target for house building as a whole based on a rigorous assessment of housing needs.

By diverting more of its budget into low cost home ownership and mid-market rented housing, the Scottish Government has attempted to achieve more output from its overall housing budget which was cut substantially in the last spending review.¹ The Scottish Government has also used the Scottish Futures Trust to establish an innovatory National Housing Partnership. This has led to a small addition to the rented housing stock at minimal public sector cost.

In England, the UK Government has established a number of initiatives to attract “institutional investment” in the private rented sector including acting as a commercial equity partner, providing guarantees and allowing private rented housing to qualify as “affordable housing” in planning agreements. These may be of potential interest in Scotland.

In relation to investment in the existing stock, the Scottish Government expects all social landlords to have met the Scottish Housing Quality Standard by 2015 but there are no similar targets for the other sectors. Local authorities have wide-ranging powers to require repairs and maintenance work in the private sector but there is little evidence to suggest that these are used to any significant extent.

2.5. What more might be done?

The Commission on Housing and Wellbeing is setting out its initial thoughts on what more might be done in the medium and longer term to improve investment in housing throughout Scotland.

Medium Term

- To set targets for overall house building requirements based on the local housing needs and demand studies currently underway.
- To allocate more of the Scottish Government budget to investment in affordable housing, restoring the real value of the budget that existed before the cuts.
- To divert funding from within the affordable housing programme from low cost home ownership to the social rented programme on the basis that this is where the greatest needs are to be found.
- To apply the Scottish Housing Quality Standard to houses in all tenures and monitor local authorities' performance in achieving this standard through their cross tenure local housing strategies.

¹ Housing budget cuts – how much?

- Take action to encourage “institutional investment” in the sector.
- Encourage housing associations to come together to form joint funding arrangements of sufficient size to attract better terms and conditions from lenders and investors.

Longer Term

- Support the Scottish house building industry through action on land supply – see *section 3*.
- Task the Scottish Futures Trust with the identifying new funding models for investment in housing, particularly in relation to investment in privately rented housing.

Section 3: Getting a better fit between housing and the economy

Consultative Questions

Q.7. Do you agree with our assessment of the current position regarding housing and the economy? What more would you add?

Q.8. Do you agree with our assessment of the current situation of UK government policy with regards to the housing market and the economy?

Q.9. What are your views about the five areas of policy reforms suggested here?

3.1. Why do we think this is important?

Housing is a major part of the economy and is closely linked to the economic health of the financial sector, to the level of inflation and to the labour market.

On the positive side, housing construction and housing services provide considerable employment and additional expenditure, particularly on construction, is beneficial in generating new employment opportunities. They also have the scope to provide apprenticeships and skills training.

But in recent decades, there have been several large swings in house prices in comparison with the prices of other goods and services and house prices have increased substantially above general inflation. These trends have had serious negative effects on the economy. Rapidly rising prices make housing and mobility unaffordable for many households. Downturns in the housing market can also trap households, particularly if the value of their houses falls below the outstanding mortgage. This can constrain growth in the wider economy by reducing labour mobility and disposable incomes.

There is also an argument that the long term real increase in house prices in Scotland, combined with the fact that most houses bought are second hand, reduces the resources available for investment in other sectors of the economy. In addition, since 2008, interest rate policy has favoured low interest rates to help protect existing owners. This can contribute to house price inflation and also discourage saving and both of these effects can result in disadvantage for other groups

It is clear that housing has become increasingly important as a form of personal wealth. We believe that it has also created sharp divisions between

those households who are owners and those who are not, with housing wealth influencing other life opportunities and older owners enjoying capital gains at the expense of younger generations who find it more difficult to buy their homes. This is one of the key factors influencing our position on the distinction between the “housing haves” and “housing have nots” set out in our introduction.

3.2. Current government policies

For some time relevant Government policy has directly and indirectly encouraged and supported home ownership through deregulation of the mortgage market, a favourable tax regime for owner occupiers and specific policies such as the Right to Buy. Governments of all persuasions have been keen to take account of the popularity of owner occupation.

Intent on preventing a collapse in the housing market and on limiting the severity and duration of the economic recession, the UK Government responded strongly to the financial crisis through the bank bailout, a policy of low interest rates and other measures so as to minimise potential mortgage repossession in a falling market – a strategy which successfully prevented the level of mortgage default that occurred in the previous housing crisis in the early 1990s.

However, the availability of mortgage finance was severely curtailed and the UK Government has pursued a number of policies to stimulate house purchase including state backed guarantees for mortgages through the Help to Buy scheme. This policy was applied throughout the UK and, in Scotland, runs alongside Scottish schemes to help first time buyers. House prices in Scotland have been increasing, on average, although with relative modest increases in comparison with the substantial increases in London and the south east of England that has prompted the Bank of England to consider possible options to reduce excessive inflation such as lending ceilings.

3.3. What more might be done?

We think that the overall policy objective in this area should be to create a housing market where house prices move generally in line with other prices so that housing is no longer seen as a means for making speculative gains. We recognise that this will be a major policy challenge, but as a society this change would achieve a better balance between the use of resources for housing and other productive activities.

The Commission on Housing and Wellbeing has set out its initial thoughts on what more might be done in the medium and longer term to improve the relationship between housing and the economy in Scotland.

Medium Term

- The development of controls to help stabilise the mortgage market, for example, by restricting high value mortgage lending, limiting loans to a maximum percentage of the value of the house and limiting loans according to household income.
- Supporting local initiatives such as Community Land Trusts and other mechanisms to secure permanent, affordable private housing with lower costs for first time buyers.

Longer Term

- Changes to taxation to reduce speculation and help stabilise the market by, for example, introducing taxation of “excess” profits while at the same time helping purchasers by abolishing “Stamp Duty”.
- Considering the replacement of council tax with possibly a more efficient and fairer alternative such as, for example, a land value tax.
- Progressing the 3 recommendations from the recent RICS Commission report designed to improve the supply of land for housing i.e. developing master planning, new communities; requiring local authorities to meet higher land supply targets; and establishing a new Scottish Land Delivery agency to source additional land for housing and support the delivery of serviced sites.

Section 4: Getting a better fit between housing and welfare policy

Consultative Questions

Q.10. Do you agree with our assessment of the current position regarding housing and welfare benefits? What more would you add?

Q.11. Do you agree with our assessment of the current situation of government policy at UK levels and the possible outcomes post-referendum? What more would you add?

Q.12. What are your views about the medium term policy options presented here? What other ideas and issues strike you over this time frame?

Q.13. Do you agree that we have a unique opportunity to consider longer term policy options over the next key period in Scotland's history? How do you respond to the three options proposed here? Are there other options that should be considered?

4.1. Why do we think this is important?

From a housing point of view, welfare benefits, notably Housing Benefit (HB) for tenants of rented housing and Support for Mortgage Interest (SMI) for owner occupiers, are vital for ensuring the affordability of housing for those on low incomes. The availability of HB means that the poorest in society can have most or all of their rent met by social security payments.

Housing Benefit is available not only to tenants without employment but also to tenants in low paid jobs. In the UK as a whole expenditure to help those with low wages has risen sharply in recent years as part time working and those on so called "zero hours" contracts have increased.

These welfare benefits are a major part of public expenditure on housing. HB alone costs around £1.7 billion a year in Scotland which dwarfs other housing related budgets. There are important questions as to whether this is money well spent, whether reforms could provide better value for money, and whether the available resources should be used to fund additional housing rather than provide subsidies to individuals.

Almost two thirds of tenants in the social rented sector in Scotland receive HB. These payments support the cash flow of social landlords which is used to pay back their loans. HB payments to tenants of private landlords have been

increasing significantly in recent years but the dependence of the sector on HB is considerably less and varies between landlords.

It is often claimed that HB provides a disincentive to paid work because some 65% of extra earnings are lost in the form of lower payments. The fact that many tenants have all their rent paid through HB and that the money is often paid directly to landlords is seen by some as undermining personal responsibility.

4.2. Current government policies

The UK Government is currently taking forward a wide-ranging reform of working age benefits based around the principle of a single cash benefit known as the Universal Credit. Although there is support, in principle, for this rationalisation of welfare benefits there are many practical problems. In relation to HB, the main issues relate to the difficulty in taking account of widely varying levels of rent in different parts of the UK and the financial problems that might be created for social landlords if virtually all HB is paid through tenants rather than directly to the landlords in question as is the case at present.

The Scottish Government's Expert Working Group on Welfare and Constitutional Reform recently proposed splitting the housing element from the rest of the cash benefit

The UK Government has already implemented a wide range of changes to HB itself designed to reduce the overall cost. These have mostly been targeted at reducing benefit levels in the privately rented sector, but the reduction in HB for so called "spare rooms", also known as the "bedroom tax" has been applied to non pensioner households in the social rented sector and this has proved very controversial in Scotland and south of the Border.

In the context of the current constitutional debate, not only would the Scottish Government of an independent Scotland have responsibility for welfare policies but there is also a growing interest in the devolution of Housing Benefit by the unionist parties.

[This will be updated after the referendum in September]

4.3. What more might be done?

The Commission on Housing and Wellbeing is setting out its initial thoughts on what more might be done in the medium and longer term to improve the relationship between housing and welfare policy.

Medium Term

- Devolve responsibility for HB to the Scottish Government to allow the creation of a single housing budget. This might create some risks if the revised arrangements mean that the Scottish Government would have to bear some or all of the cost of any substantial increase in benefit payments, for example, following a recession. But it would also provide opportunities.
- These opportunities could include separating out the housing elements for the single cash benefit, the abolition of the “bedroom tax” in favour of other, less draconian policies to reduce underoccupancy in the social rented sector and a review of the SMI scheme.
- The administration arrangements for running an integrated housing budget would need careful consideration, with implications not only for the Scottish Government but also for all housing providers.

Longer Term

- Considering the scope for switching funding from personal subsidies to funding for additional housing. We are interested in views on whether this could be done without creating serious problems for those tenants who currently depend on HB to meet their housing costs.
- Introducing a comprehensive “housing allowance” across all tenures for low income households based on average regional housing costs rather than actual costs. This might be linked to a more generous approach to the “taper” i.e. the rate at which the allowance is reduced as income increases and those elements of income that are disregarded for the purposes of the calculation. This could give low income households more choice, but unless the housing allowance was set at a very low rate, it is likely to be an expensive option.
- Including a housing element within the overall cash benefit paid to all low income households again irrespective of tenure together with a smaller housing allowance linked to the actual cost of housing and its affordability to the household in question.

Section 5: Getting a better fit between housing and the environment

Consultative Questions

Q.14. Do you agree with our assessment of the importance of housing to the environment?

Q.15. Do you agree with our brief assessment of current policy on housing in relation to the environment?

Q.16. Do you agree with our suggestions for further action in the area of housing and the environment?

Q.17. Do you have other suggestions that we have not mentioned in relation to housing and the environment?

5.1. Why do we think this is important?

We all use large amounts of energy to keep our homes warm, to provide hot water and to run the equipment that is part and parcel of modern living. In 2011, this created 13.5% of Scotland's total greenhouse gas emissions.^{vii} Improved energy efficiency in the home is essential to meet the targets agreed by the Scottish Parliament for reducing these emissions to help tackle climate change.

At the same time, too many people in Scotland live in badly heated homes and have to spend too much of their income on trying to keep warm. Fuel costs have also increased considerably in recent years. Some 27% of all households in Scotland were assessed as being in "fuel poverty" in 2011— a steep increase over the previous 10 years.^{viii} Improved energy efficiency is also vital for tackling this problem.

Whilst energy efficiency was the major issue we identified, we also noted other ways in which we should be aiming to reduce the environmental impact of housing, for example, by ensuring that new housing is built in locations and at densities which do not depend on car based commuting. Given the environmental impact of new building, we should also be minimising the need to demolish and replace existing housing. And added to this there is also scope for developing more schemes to provide energy within the house or neighbourhood through micro generation.

5.2. Current government policies

We have noted the Scottish Government's ambitious targets in relation to climate change and fuel poverty. It has also published a Sustainable Housing Strategy and there has been a changing panorama of grant schemes to help owners install energy saving measures, but these can be confusing for households. The Energy Savings Trust has been tasked with advising on energy efficiency in the home and delivering the various grant schemes.

The Government also has secured legislation to require home owners to install energy efficiency measures but, so far, this has not been used.

Overall, our conclusion is that the various policy measures have largely been successful in relation to the "low hanging fruit" where it is relatively easy to install insulation measures. Progress has been made in getting more homes equipped with cavity and loft insulation and more efficient boilers.

But progress in relation to the Scottish Government's climate change targets is unclear and more rather than fewer households, are experiencing "fuel poverty" – 647,000 households were considered to be in fuel poverty in Scotland in 2012, an increase of more than 120% on figures published in 2002.^{ix}

Added to this there has been less obvious progress on ensuring development of brown field rather than green field sites. Although National Planning Guidance supports this, in principle, this is only one of a number of considerations which local planning staff are asked to take into account. Possible as a result of this, there has been little change in the amount of derelict and vacant land in Scotland in recent years.

5.3. What more might be done?

The Commission on Housing and Wellbeing is setting out its initial thoughts on what more might be done in the medium and longer term to improve the fit between housing and the environment throughout Scotland.

Medium Term

- To produce a single, integrated and transparent form of grant assistance which combines Scottish Government funding and assistance via the energy companies and makes it very clear what is available to owners generally and through the so called area based schemes.
- To increase the budget for energy efficiency works to allow progress to be made with the many older, hard to insulate homes.
- To implement the legislation which could be used to require owners to improve

the energy efficiency of their homes, for example, at the point of sale.

- To seek to reduce demolitions of existing housing except where these are technically obsolete and provide more support for bringing back empty houses into use.

Longer Term

- To increase the very modest current budget and targets for micro and community generation projects.
- To take forward the ideas for urban land reform designed to encourage more development of derelict and vacant land, proposed by Professor David Adams and which have recently been endorsed by the report of the Land Reform Review Group.

Section 6: Housing and Health and Education

Consultative Questions

Q.18. Do you agree with our on our assessment of the importance of housing to health and education?

Q.19. Do you agree with our brief assessment of current policy on housing and health and education?

Q.20. Do you agree with our suggestions for further action in the area of housing and health and education?

Q.21. Do you have other suggestions which we have not mentioned in relation to housing and health and education?

6.1. Why do we think this is important?

Despite the improvements in public health and housing in recent years, there are still neighbourhoods with considerably lower levels of life expectancy and higher levels of morbidity. Often, children living in these areas also have poorer educational outcomes.

We know that it is difficult to disentangle the role of housing from the many other social and economic disadvantages which many people in these areas experience. We also know that housing improvements alone cannot be a cure-all, an issue that is discussed in more detail in *Section 7*.

But, in our view, there are housing problems where the links with health and education are more direct and on the health side, housing problems experienced by some older persons can lead to emergency admissions to hospital and premature admissions to care homes. Such problems include:

- Homelessness;
- stress caused by severe overcrowding;
- insecure housing and unaffordable housing;
- cold, damp and mouldy housing; and
- housing which is unsuitable for persons with disabilities or other special needs.

6.2. Current government policies

Homelessness

We have noted that the progressive legislation, introduced a decade ago, to extend the duty placed on local authorities to rehouse homeless persons has now been implemented and that applications from homeless persons have been falling recently as a result of a policy of advising of potential applicants of the options available to them. But there were still over 36,000 homelessness applications in 2013/14 and the number of homeless applicants, making allowance for the difference in population, is more than 5 times the level in England. Varying approaches to tackling homelessness account for much of this differential but the figure illustrates the size of the problem faced by local authorities in Scotland.

Fuel Poverty

We have already noted in *Section 5* the Scottish Government's targets for tackling fuel poverty and performance, to date, in achieving this. But the Government has no target for reducing overcrowding and recent legislation has provided powers for enforcement action against those who are overcrowded rather than prevention.

Older Persons

The latest Government projections suggest that there could be a 50% increase in the number of older households (where the head of household is aged 65 or more) by 2035 and a doubling of the number of households where the head of household is aged 80 or more. This, in turn, reflects the anticipated growth in the number of older persons and represents a major demographic change with wide-ranging potential policy implications.

In relation to housing for older persons, we have noted and welcome the objective of helping older people to live independently and the range of possible initiatives described in the recently published strategy document – *Age, Home and Community* – but it is far from clear how these are to be implemented. More recently, the Scottish Parliament has approved legislation – the *Public Bodies (Scotland) Act* – to allow for health and social care integration but housing was not included at the outset and although some consideration has been given to the role of housing subsequently, it is not yet clear that these ad hoc changes will prove to be satisfactory.

6.3. What more might be done?

The Commission on Housing and Wellbeing has set out its initial thoughts on what more might be done in the medium and longer term to improve the relationship between housing and health and education throughout Scotland.

These have been divided into three categories: homelessness, older households and overcrowding.

Medium Term

- **Homelessness:** Guidance, backed up by independent research on the “options approach” to make sure that constructive advice is being given to applicants and that persons in need are not simply being turned away.
- **Homelessness:** Much more focus on the needs of rough sleepers. The most serious health problems are linked to rough sleeping, but this problem has now gone “under the radar” in Scotland. There could be regular and co-ordinated counts and a review of processes and facilities.
- **Homelessness:** A shift in emphasis to prevention based on joint working by relevant agencies linked to “pathways” into homelessness for groups who are most at risk such as, for example, former “looked after” children and persons discharged from psychiatric hospitals.
- **Older households:** Providing more resources for preventative services such as help with “handyman” tasks and small repairs, including resources for kick starting a social enterprise arm to existing Care and Repair services.
- **Older households:** Expanding the use of technology, for example, the scope and range of “telecare” services and the use of technology in the home to help with the problems of dementia.
- **Older households:** Rationalising the funding and procedures for providing adaptations.
- **Older households:** Providing advice and support to older households who wish to downsize.
- **Older households:** Ensuring that housing is properly integrated with health and social care.

Longer Term

- **Homelessness and overcrowding:** Ensure that the new building programme for the social rented sector allows for a significant increase of larger houses.
- **Older households:** Establishing a national “equity release” scheme to generate funding for essential repairs, possibly with the help of the Scottish Futures Trust.

Section 7: Housing and Community Regeneration

Consultative Questions

Q.22. Do you agree with our on our assessment of the importance of community regeneration?

Q.23. Do you agree with our brief assessment of current policy on community regeneration?

Q.24. Do you agree with our suggestions for further action in the area of community regeneration?

Q.25. Do you have other suggestions which we have not mentioned in relation to community regeneration?

7.1. Why do we think this is important?

Too many Scots live in socially and economically deprived neighbourhoods where many households live in relative poverty in areas with disproportionate levels of unemployment, poor health, educational performance and, in some cases, problems of crime and anti- social behaviour. Such areas may have had a poor reputation for many years and this can create a collective stigma as an extra burden for local residents to bear.

Housing has an important part to play in regenerating communities suffering from major social and economic problems. This might include housing and environmental improvement programmes and changes to the way in which the housing is managed. But experience with regeneration initiatives over the past 40 years suggests that housing improvements alone are insufficient and need to be part and parcel of a more comprehensive approach where resources are tailored to needs and local residents are fully involved in decisions on the future of their areas.

We also must recognise that in some localities, social housing was built to meet the needs of households in industries which have since declined. Many former mining communities are an important example. There are particular challenges in community regeneration in these areas.

7.2. Current government policies

After decades of high profile initiatives with earmarked budgets, the current Government has favoured devolving responsibility to local authorities and their local Community Planning partners. Linked to this, the Scottish Government's National Performance Framework includes a significant number of national

outcomes which are directly relevant; these include ensuring that we have “strong, resilient and supportive communities” and that we live in “well designed, sustainable places.”

At one level, this might be seen as a valuable “mainstreaming” of regeneration. But it is very hard to know what is being done and what is being achieved, especially when Community Planning Partnerships have been mentioned in so many reports by Audit Scotland and those they are featured in have been quite critical of what has been achieved.

It is widely believed that the regeneration of inner city areas by housing associations and other housing bodies is one of the key success stories in post war Scotland. And the long-term involvement of local residents in that process is seen as critical. Although the current Government is clearly interested in community engagement, it is not at all clear how housing – which was crucial in the past – fits into their thinking.

Many housing associations have tried to meet the needs of their communities by extending the scope of their work into non housing services. These are sometimes known as “wider role” activities. We have undertaken a survey of initiatives of this sort and it is clear that other housing bodies are also undertaking this type of work. But there might be a much greater potential providing that the right neighbourhood partnerships and funding streams can be put in place.

7.3. What more might be done?

The Commission on Housing and Wellbeing is setting out its initial thoughts on what more might be done in the medium and longer term to enhance community regeneration throughout Scotland.

Medium Term

- More Scottish Government focus, direction and accountability for community regeneration, for example, a set of clear objectives linked to relevant communities and agreed with local councils and their partners.
- Linked to the above, a clear monitoring framework to measure success in achieving objectives and to identify emerging problem areas.
- Extending the proposed Community Empowerment Bill to give tenants of both councils and housing associations the right to request a community buy out together with support to help them prepare for this.
- Scottish Government promotion of the option of tenant management co-operatives.

- Further financial support, advice and encouragement by the Scottish Government and local authorities for “wider role activities” and neighbourhood partnerships in which local housing staff would play a key co-ordinating role.

Longer Term

- Piloting community budgets linked to a clear specification of services that can be provided more satisfactorily at the neighbourhood level.

Section 8: Do we need a more robust private rented sector?

Consultative Questions

- Q.26.** Do you agree with our views on the need for a more effective private rented sector which can make a greater contribution to meeting housing needs?
- Q.27.** Do you agree with our brief assessment of current policy on the private rented sector?
- Q.28.** Do you agree with our suggestions for further action in the private rented sector?
- Q.29.** Do you have other suggestions which we have not mentioned in relation to community regeneration?

8.1. Why do we think this is important?

Over 12% of all households are now in the private rented sector which has been rapidly growing as the number of owner occupiers has been falling.^x But, on most measures, on average, conditions in the sector are, somewhat worse than in the other main tenures.

The private rented sector has always been diverse with significant variations in different parts of Scotland. But most landlords only own one or a few properties and there has been little investment by large-scale landlords, attracted primarily by the rental income. “Buy to let” has been popular in Scotland as elsewhere in the UK.

In the larger cities in particular, there has been a perception that the sector largely catered for a transient group of younger, single people often living in shared accommodation who would, for the most part, buy their own house in due course. But the evidence suggests that many tenants – including more families – are now staying for longer in the sector.

It is difficult to predict the eventual extent of this shift and annual changes in tenure patterns are always relatively small. But we think that there is a strong case for creating a robust private rented sector on the model of some European countries, for example, Germany, as a mainstream option. This should provide good quality housing with secure tenancy arrangements at rents which are fair to both landlords and tenants.

8.2. Current government policies

Legislation dating from the late 1980s continues to apply to virtually all private rented housing in Scotland. This means that units are let on “short assured tenancies” of 6 months duration at market rents.

More recently, there have been a number of initiatives to regulate the sector including licensing of “houses in multiple occupation”, that is, property rented by non-family households, a requirement for landlords to register with local authorities and powers to allow the Private Rented Housing Panel to require landlords to undertake repairs in certain circumstances.

Our initial view is that these initiatives have proved to be rather bureaucratic and not especially well targeted or effective.

8.3. What more might be done?

The Commission on Housing and Wellbeing is setting out its initial thoughts on what more might be done in the medium and longer term to improve the private rented sector (PRS) throughout Scotland.

Medium Term

- Replace the current arrangements for landlord registration and HMO licensing with regulation which is targeted at areas and types of landlords where there are known problems.
- Replace the current tenancy arrangements with longer or unlimited security subject to clear criteria for repossession and simplified and easy to use procedures.

Longer Term

- Consider the options for some, limited controls over rent increases which would be fair both to tenants and landlords.

Sources

[INCOMPLETE]

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ⁱⁱⁱ Housing Statistics for Scotland – Demolitions
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^x INSERT REFERENCE